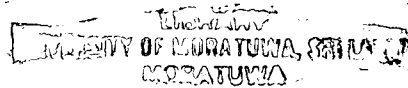


MARKET EFFECTIVENESS OF VALUE ADDED SERVICES IN SRI LANKAN MOBILE TELECOMMUNICATION INDUSTRY

By

W.K.C. Wickramaratne



The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

University of Moratuwa, Sri Lanka.
Electronics & Department
www.moratuwa.lk

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DECLARATION

"I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university to the best of my knowledge and belief it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations"

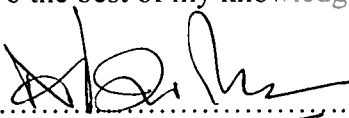
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ABSTRACT

The mobile telecommunications industry worldwide has expanded and surpassed the fixed line operators. Even in the Sri Lankan context, the telecommunication industry has changed dramatically since the late 1990s, statistics show that the total number of mobile subscribers is now greater than the fixed line subscribers. What was considered a luxury in the 1990s has become a commodity in 2004, driven by low cost and convenience. This revolution in the communications industry can largely be attributed to Dialog GSM and its policy of low costs, coverage expansion and its leveraging of *Value Added Services* (VAS). In the current context other operators are attempting to replicate these success factors to increase and develop their businesses. However the criticality of VAS in the success of Dialog GSM has not been fully evaluated and the importance of the role that VAS can play for the growth of other operators needs to be ascertained.

The mobile telecommunications industry in Sri Lanka is approaching an era where mobile subscribers are learning that mobile phones can do more than facilitate making a simple call. They have identified that there is a "value" in mobile VAS. More and more subscribers are attracted to mobile network operators due to their VAS offering, even if they do not use all these services. Mobile network operators are capitalizing on this fact and are using VAS to create more connections within their networks. But the effectiveness and significance of VAS in attracting a new subscriber or connection has not been investigated.

VAS is primarily centered on the most prominent services offered by the network operators, which include Short Message Service (SMS); SMS based services, Multimedia Messaging Service (MMS) and Wireless Application Protocol (WAP) and General Packet Radio Service (GPRS). However, the term VAS in the telecommunications industry applies to a host of less prominent and well-known technologies. Including all these diverse services in this research project would prevent presentation of a cohesive, concise and usable research paper. Since the main services mentioned above are the most visible to subscribers and it is easier to assess their opinion on these mobile value added services, the research will utilize these services as its basis.

The research focused on mobile subscribers and their expectations to evaluate the maturity of the Sri Lankan mobile market, the influence VAS has on creating a new subscriber and whether they are receiving the VAS that are needed. The research used a sample consisting of using early adopters and trendsetters to provide an indication of the likely direction of VAS in the future. The research investigated the influence VAS has on different perspectives of the mobile market including usage, awareness, quality of service and social influences on the subscriber, to evaluate the state of the mobile VAS market. The research questions were formulated with the network operator in mind to enable operators to use these results to effectively utilize VAS to develop their markets in Sri Lanka.



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